

INCENTIVES TO RETROFIT EXISTING DISTRIBUTED GENERATION AT MUNICIPAL WATER & WASTEWATER FACILITIES APPLICATION



**Administered by:
HDR Engineering, Inc.
271 Turnpike Drive
Folsom, CA 95630**

**On behalf of the
California Energy Commission
1516 9th Street
1517 Sacramento, CA 95814**

May 25, 2001

Amended 2/28/02

INTRODUCTION

After parts of California experienced rolling electricity blackouts during early 2001, SB-5X was signed by the Governor on April 11, 2001. This bill provides incentive funds to water and wastewater districts to retrofit/replace existing diesel or natural gas distributed generation systems with Best Available Control Technology (BACT) that reduce oxides of nitrogen emissions.

The program goal is enable this retrofitted generating equipment to be permitted by the local Air Quality Management District (AQMD) to operate during peak demand periods, as well as during Stage 3 electrical alerts and blackouts. New equipment purchased with these funds must meet or exceed the requirements for BACT of the air district in which the distributed generation is owned and operated.

FUNDING

The intent of this legislation is to utilize technologies that will be permitted by local air quality districts to operate during peak demand periods, as well as during Stage 3 electrical alerts and blackouts. Payments will be made for qualifying projects that have been installed, are operational, and have been permitted by the local air quality districts as follows:

| | |
|----------------------------------|----------|
| September 30, 2001 | \$400/kW |
| October 1 and December 31, 2001 | \$300/kW |
| January 1, 2002 and June 1, 2003 | \$250/kW |

Funding for projects that qualify will be awarded on a first-come, first-served basis. The construction schedule and project completion date will determine the amount of incentive funds awarded. The amount of incentive funds awarded for any individual project will not exceed the total cost of the project.

ELIGIBLE APPLICANTS

Who Is Eligible?

Public water system and wastewater treatment plant owners and administrators are eligible.

A public water system is a system that provides piped water to the public for human consumption and that is permitted by the California Department of Health Services to operate as a public water system or community water system.

A wastewater treatment plant is either a facility owned by a state, local, or a privately owned facility used in the treatment of sewage and industrial wastes, including collection systems of a municipality.

California investor-owned electric utilities (IOUs) MAY NOT apply for incentive funds and may not serve as a prime contractor. However, IOUs may work with their customers to assist them in participating in the program.

ELIGIBLE PROJECTS

What Qualifies For Funding

This program will award funds to qualified Applicants for the retrofit/replacement of diesel or natural gas generating equipment. New equipment must meet or exceed the BACT requirements of the AQMD in which the generating equipment is owned and operated. It is the Applicant's responsibility to obtain the required permits from the local AQMD in order to operate the equipment at a minimum during on-peak hours, Stage-3 Alerts and blackouts. Failure to receive a permit to operate the retrofitted system will result in forfeiture of incentive funds.

Technologies eligible for incentives under this funding program include:

- Natural gas reciprocating engines with BACT emission controls

- Micro-turbines fueled by natural gas or digester/methane gas
- Fuel cells
- Solar (photovoltaic)
- Wind

Examples:

Some eligibility examples are given below. Each is subject to permitting by the local AQMD. Applicants are responsible for determining the feasibility of retrofitting existing equipment versus replacing it with new equipment.

- #1 Retrofitting an existing back-up diesel generator to natural gas with BACT emission controls (decreases emissions).
- #2 Replacing an existing diesel generator with micro-turbines (decreases emissions).
- #3 Converting an existing digester gas fueled cogeneration engine to lean-burn. (decreases emissions and increases power).

What Does Not Qualify For Funding?

- Construction of a NEW distributed generation system, where none previously existed, is not eligible.
- Generation projects that use diesel fuel after the retrofit are not eligible.
- Projects currently under construction where contracts have been executed or equipment already purchased are not retroactively eligible.

THE APPLICATION

How Do I Apply?

1. Complete and sign the attached application form.
2. Attach all requested information to the application.
3. Submit one signed original (signed in ink and clearly marked original) and two copies of your application and all supporting documentation to:

HDR ENGINEERING, INC.
Attention: SB 5X Administrator
271 Turnpike Drive
Folsom, CA 95630

Applicants should consider the following guidelines when completing their applications:

- All projects at any one site must be included in one application. Applicants who own more than one site, or have control and the legal authority to make decisions for more than one site, are encouraged to aggregate all sites into one application. Projects or sites may not be aggregated into one application if the applicant does not own or have control over the facility, equipment, or site.
- The project(s) must be permitted by the local AQMD to operate during peak hours, during Stage-3 Alerts and blackouts. This equipment must be so operated for a period of at least three years after the completion of construction. Owners are responsible for determining their project's conformance to AQMD requirements and provide a copy of the air permit application with the Application material. A copy of the approved AQMD permit is required before final funds will be paid.
- The project(s) must comply with all applicable environmental and contracting laws and regulations.

For information or questions on a project's eligibility call: (916) 351-3842 or E-mail sb5x@hdrinc.com.

When Do I Apply?

Applications will be accepted on a first-come, first-served basis. Applications will be accepted until June 30, 2002 at 4 PM.

Applications must be RECEIVED by the deadline. Applications post marked by the deadline but received afterwards will be rejected. Faxed or e-mail applications WILL NOT be accepted.

REVIEW PROCESS, DISBURSEMENT & REPORTING

What Is The Application Review And Approval Process?

1. Upon receipt, the application will be stamped with the time and date to document the order in which it was received.
2. The application shall then be reviewed for technical and administrative completeness. To be deemed complete the application must be accompanied by all other documents listed on

the application form. If the application is not complete, additional information will be requested in writing. If the additional information is not received within the time specified in the written request, the application will be rejected. Applicants should retain a copy of their application, as no applications will be returned.

3. Complete applications will then be reviewed to determine if both the applicant and the proposed project meets the eligibility requirements.
4. The technical feasibility of the proposed project(s) are then reviewed. If there are questions regarding the technical details of the application, the applicant will be asked in writing to clarify, modify, or change the application. The applicant must respond to the concerns in writing. Should an application be found ineligible from a technical basis, the applicant may submit another project. However, the subsequent application(s) will be treated as a new application received on a first-come first-served basis.
5. Applications will be forwarded for approval and award once all technical completeness and accuracy concerns have been satisfied.
6. Award contracts will be prepared for approved applications. Applicants shall be notified by phone and in writing of their acceptance. The award packages will be mailed to recipients for signature. Terms and Conditions of the Award Contract can be found at the end of this Application.
7. Award contracts must be signed by the party named in the original resolution that was submitted with the application package. Signed contracts must be returned to the Program Administrator within 5 working days.
8. Applicants WILL NOT be reimbursed for expenses incurred before the award contract has been executed (signed by both parties), or before a pre-award letter has been issued.

How Will The Funds Be Disbursed?

Unless otherwise requested in writing, funds will be disbursed upon successful completion of the project. Other methods of disbursement may be made at the discretion of the Administrator. Successful completion of the project requires the following:

1. The equipment to be properly installed in accordance with the manufacturer's directions and all applicable codes.
2. The successful startup and testing of the system.
3. Acquisition of all required permits.
4. Submission and approval of all monthly and final reports and all other supporting documents as specified in the award contract.

What Are The Reporting Requirements?

All recipients will be required to submit monthly progress reports to Administrator. The progress reports shall contain, at a minimum, the following information:

1. Status of work, including overall progress status compared to the submitted schedule and goals.
2. Any completed deliverables or milestones (equipment purchase, startup, AQMD permit, etc) as identified in the award contract.
3. A comparison of program expenses to date to the expected budget.

In addition, recipients will be required to complete a final report documenting the construction of the project as built, the projects actual cost, the completion date, and all tests, certification, and permits obtained. Award recipients will receive the entire final report package with their award.

What If Construction Is Delayed?

Extensions may be permitted for applicants who, for means beyond their control, are unable to meet the project completion dates. Extension requests must be submitted to the Program Administrator, in writing, detailing the reason for the delay and the new completion date. Approved extensions will be communicated in writing to the requesting facility. Delay in project completion (from the date originally submitted) may affect the incentive amount paid.

MEASUREMENT AND VERIFICATION

Applicants must agree to provide access to the project site and allow the Administrator or its

technical consultant to evaluate the project's conformance to requirements specified in the award contract.

CONFIDENTIAL INFORMATION

Applications and proposals shall not contain confidential material. Any material in an application that is marked confidential automatically will be disregarded and returned to the applicant. The application will be evaluated without the confidential information. All applications submitted to the Administrator will be made public documents once the project selections are made.

RIGHT TO REJECT ANY OR ALL PROPOSALS

It is the policy of the Administrator not to solicit proposals unless there is a bona fide intention to make awards. However, the Administrator reserves the right to reject any or all proposals, to modify this application as needed upon written notice, or to cancel the solicitation.

ADDITIONAL FUNDING SOURCES

Additional funds to cover project costs beyond those covered by the incentive funds are available from the Energy Conservation Assistance Account (ECAA) administered by the California Energy Commission. This program offer 4% loans to Cities, Counties, Special Districts and Public and Non-profit schools, colleges, hospitals, and public care institutions. Information on the loans and applications can be obtained from the California Energy Commission's website: www.energy.ca.gov/peakload/index.html

QUESTIONS AND ADDITIONAL INFORMATION

If you have questions or need further information contact HDR Engineering, Inc:

by phone at: (916) 351-3842

by FAX at: (916) 351-3888

or by e-mail at: sb5x@hdrinc.com

APPLICATION FORM

INCENTIVES TO RETROFIT EXISTING DISTRIBUTIVE GENERATION SYSTEMS AT MUNICIPAL WATER & WASTEWATER FACILITIES

*This form must be filled out completely and signed by the applicant.
PLEASE PRINT OR TYPE.*

A. APPLICANT INFORMATION

Full Legal Name of Applicant: _____

Federal Employers ID Number: _____

Authorized Representative: _____

Title: _____

Street Address: _____

City: _____ State: _____ Zip Code: _____

Phone: (____) _____ Ext. _____ Fax: (____) _____

E-mail address: _____

Type of Organization(s) or Business(s) (check)

☐ Local Government

☐ Special District

☐ Other Public Entity

Other (specify): _____

Type of Facility(ies) (Check all that apply):

☐ Water Treatment Plant

☐ Well Site

☐ Collection System Pumping Station

☐ Booster Pumping Station

☐ Wastewater Treatment Plant

☐ Other: _____

APPLICATION FORM

Please mark the AQMD in which the project is located. Check as many as appropriate to cover all projects.

- | | |
|--|--|
| <input type="checkbox"/> AMADOR COUNTY APCD (all of Amador County) | <input type="checkbox"/> MONTEREY BAY UNIFIED APCD (all of Monterey, San Benito, Santa Cruz counties) |
| <input type="checkbox"/> ANTELOPE VALLEY APCD (Northeast portion of Los Angeles County) | <input type="checkbox"/> NORTH COAST UNIFIED AQMD (all of Del Norte, Humboldt, Trinity counties) |
| <input type="checkbox"/> BAY AREA AQMD (Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, western portion of Solano, southern portion of Sonoma counties) | <input type="checkbox"/> NORTHERN SIERRA AQMD (all of Nevada, Plumas, Sierra counties) |
| <input type="checkbox"/> BUTTE COUNTY AQMD (all of Butte County) | <input type="checkbox"/> NORTHERN SONOMA COUNTY APCD (Northern portion of Sonoma County) |
| <input type="checkbox"/> CALAVERAS COUNTY APCD (all of Calaveras County) | <input type="checkbox"/> PLACER COUNTY APCD (all of Placer County) |
| <input type="checkbox"/> COLUSA COUNTY APCD (all of Colusa County) | <input type="checkbox"/> SACRAMENTO METRO AQMD (all of Sacramento County) |
| <input type="checkbox"/> EL DORADO COUNTY APCD (all of El Dorado County) | <input type="checkbox"/> SAN DIEGO COUNTY APCD (all of San Diego County) |
| <input type="checkbox"/> FEATHER RIVER AQMD (all of Sutter and Yuba counties) | <input type="checkbox"/> SAN JOAQUIN VALLEY APCD (all of Fresno, Kings, Madera, Merced, San Joaquin, Stanislaus, Tulare, and western portion of Kern counties) |
| <input type="checkbox"/> GLENN COUNTY APCD (all of Glenn County) | <input type="checkbox"/> SAN LUIS OBISPO COUNTY APCD (all of San Luis Obispo County) |
| <input type="checkbox"/> GREAT BASIN UNIFIED APCD (all of Alpine, Inyo, and Mono counties) | <input type="checkbox"/> SANTA BARBARA COUNTY APCD (all of Santa Barbara County) |
| <input type="checkbox"/> IMPERIAL COUNTY APCD (all of Imperial County) | <input type="checkbox"/> SHASTA COUNTY AQMD (all of Shasta County) |
| <input type="checkbox"/> KERN COUNTY APCD (Eastern portion of Kern County) | <input type="checkbox"/> SISKIYOU COUNTY APCD (all of Siskiyou County) |
| <input type="checkbox"/> LAKE COUNTY AQMD (all of Lake County) | <input type="checkbox"/> SOUTH COAST AQMD (Los Angeles County except for Antelope Valley APCD, Orange County, western portion of San Bernardino and western portion of Riverside counties) |
| <input type="checkbox"/> LASSEN COUNTY APCD (all of Lassen County) | <input type="checkbox"/> TEHAMA COUNTY APCD (all of Tehama County) |
| <input type="checkbox"/> MARIPOSA COUNTY APCD (all of Mariposa County) | <input type="checkbox"/> TUOLUMNE COUNTY APCD (all of Tuolumne County) |
| <input type="checkbox"/> MENDOCINO COUNTY AQMD (all of Mendocino County) | <input type="checkbox"/> VENTURA COUNTY APCD (all of Ventura County) |
| <input type="checkbox"/> MODOC COUNTY APCD (all of Modoc County) | <input type="checkbox"/> YOLO-SOLANO AQMD (all of Yolo and eastern portion of Solano counties) |
| <input type="checkbox"/> MOJAVE DESERT AQMD (Northern portion of San Bernardino County, eastern portion of Riverside County) | |

APPLICATION FORM

B PROJECT DESCRIPTION(S)

Provide a sheet entitled “Project Description” for EACH project submitted in your application, numbering each project for reference. (i.e. Project #1 WTP Back-up Generator). Provide the information requested below and enough details including equipment data sheets, where appropriate, to adequately describe each project.

- A brief description of the current generation system including at a minimum the:

| | |
|------------------------------|---------------------------|
| size (kW) | age (yrs) |
| brand (w/ model #) | fuel type |
| permitted hours of operation | actual hours of operation |
- A brief description of the proposed equipment including at a minimum:

| | |
|-----------|------------------------------|
| size (kW) | brand (w/ model #) |
| fuel type | permitted hours of operation |
- Description of how the proposed project will allow an increase to the annual hours of operation permitted by the local Air Quality Management District.
- If available, provide preliminary information on the proposed equipment’s ability to meet emission requirements of the local AQMD.
- Provide a copy of the completed AQMD permit application as submitted to the local AQMD.
- Provide information from equipment manufacture indicating lead time on major equipment items.
- Provide a letter of certification signed by a professional engineer licensed in the State of California attesting to the project’s conformance to all applicable state and local codes and its ability to meet the AQMD’s requirements.

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C. PROJECT BUDGET AND FUNDING REQUEST

Provide the following information for EACH project described in Section B above. Use the table to determine the incentive for each project based on project size and completion date.

| Completion Date | Incentive Funds |
|--------------------|-------------------|
| September 30, 2001 | \$400/kW replaced |
| December 31, 2001 | \$300/kW replaced |
| June 1, 2003 | \$250/kW replaced |

Project #1 _____

Total Estimated Cost Project: \$ _____

Project Start Date: _____

Project Completion Date: _____

Existing Generation System Size: _____ kW

Proposed Generation System Size: _____ kW

Funds Requested (may not exceed total individual project cost): \$ _____
(See Table)

Project #2 _____

Total Estimated Cost Project: \$ _____

Project Start Date: _____

Project Completion Date: _____

Existing Generation System Size: _____ kW

Proposed Generation System Size: _____ kW

Funds Requested (may not exceed total individual project cost): \$ _____
(See Table)

Project #3 _____

Total Estimated Cost Project: \$ _____

Project Start Date: _____

Project Completion Date: _____

Existing Generation System Size: _____ kW

Proposed Generation System Size: _____ kW

Funds Requested (may not exceed total individual project cost): \$ _____

APPLICATION FORM

D. PROJECT SCHEDULE

Prepare a schedule for each project in the application listing all the tasks needed to complete the retrofit of the equipment and any start-up, testing, and reporting necessary to obtain the proper permitting. Please schedule major milestones only (e.g. engineering, construction bidding, contract award, demolition, site work, electrical, equipment delivery, equipment installation, start-up, testing, permitting, and final report to Administrator.)

E. ATTACHMENTS

Note: If your project is selected for incentive funding, the **Work Statement** and **Budget**, as presented in this application and revised in negotiations with the Administrator, if necessary, will become part of the Award Contract. This contract is a legal document that lays out the terms and conditions of the award. Recipients must submit electronic copies of their Work Statement and Budget for this purpose. To expedite the project, carefully draft these sections and follow the format in the samples included in this document.

Attachment 1. Work Statement

Provide a clear and understandable Work Statement describing the specific tasks to be conducted including key milestones, products (if any), and schedule for conducting this project. Prepare the Work Statement as a separate Attachment with the heading “**Attachment 1., Work Statement, Project #__ (Project Title)**.” Provide a Work Statement for EACH project in the application.

Attachment 2. Budget

Prepare the Budget, as a separate attachment to your application, with the heading “**Attachment 2., Budget, Project #__ (Project Title)**” Provide a Budget for EACH project in the application. See Budget Instructions and Sample Budget.

Attachment 3. Governing Body Resolution

(Public entities only)

When the Recipient is a county, city, district, or other local public body, the Recipient must provide a signed resolution, order, or ordinance of the local governing body that by law has authority to enter into the agreement. This document must authorize the Recipient to enter into the award contract and designate an authorized representative to execute all necessary documents to implement and carry out the purposes of the award. This document need not be submitted with the application but, it must be submitted prior to disbursed of any funds. Failure to submit a Resolution will result in forfeiture of funds. Please see Sample Governing Body Resolution.

APPLICATION FORM

F. APPLICANT CERTIFICATION

I certify to the best of my knowledge that the information contained in this application and in the supplemental information is correct and complete. I authorize the HDR Engineering, Inc. as the Program Administrator to make any necessary inquiries to verify the information I have presented.

Signature of Authorized Representative

Date

Name: _____
(typed or printed) First M.I. Last

Title: _____

APPLICATION FORM

INSTRUCTIONS AND SAMPLE WORK STATEMENT

(For preparing Attachment 1)

Describe the Tasks to be performed and the expected completion date. List sub-tasks as necessary to adequately describe each Task. Indicate any products resulting from a Task that will be submitted with the monthly progress report.

NOTE: It is not necessary to have a product for each task or subtask. However, any information such as reports, invoices, or other data of value to the Administrator should be listed as a product. The Administrator may add products to the Work Statement in preparing the Award Contract.

SAMPLE:

TASK 3. Install Micro-turbines
Completion date: June 1, 2001
Product Description: Start-up and testing reports

- 3.1. *Company Name* will install equipment.
- 3.2. Manufacturer's Representative will visit site to oversee installation, approve work, and conduct start-up testing

BUDGET INSTRUCTIONS AND SAMPLE BUDGET

(For preparing Attachment 2)

Provide a detailed budget of proposed expenditures. Funds must be used for projects described in the work statement. Please include all categories listed below, and only these categories in the following order. If your project has no budget in a category, put "\$0" in the budget column.

ENGINEERING: If appropriate, the cost to have project documents (specifications and drawings) produced.

CONSTRUCTION: Construction cost as bid.

EQUIPMENT: This includes all equipment that will be directly (pre) purchased by the Recipient. Itemize the costs for each item purchased. DO NOT include equipment also covered under "Construction".

APPLICATION FORM

SAMPLE BUDGET

| | | |
|---------------------|---|--------------------|
| Engineering | Specifications & Drawings, bidding & construction services | \$45,000 |
| Construction | Mobilization, insurance, demolition, electrical, equipment installation, start-up, testing, and permitting. | \$410,000 |
| Equipment | Pre-purchase 500 kW Fuel Cell | \$2,200,000 |
| TOTAL | | \$2,655,000 |

APPLICATION FORM

ATTACHMENT 3

SAMPLE GOVERNING BODY RESOLUTION (For public entities only)

**Resolution of _____
for the INCENTIVES TO RETROFIT EXISTING DISTRIBUTIVE GENERATION
SYSTEMS AT MUNICIPAL WATER & WASTEWATER FACILITIES**

Resolution No. _____

WHEREAS, Incentive funds are provided through Senate Bill 5X to finance projects that will reduce peak electricity demand during on-peak hours and Stage-3 Alerts;

NOW THEREFORE, BE IT RESOLVED, that (*governing body*) authorizes (*name of public agency*) to apply for incentive funding from HDR Engineering, Inc., the fund Administrator, to (*description of project*).

BE IT ALSO RESOLVED, that if recommended for a funding award by the HDR Engineering, Inc., the (*governing body*) authorizes (*Name of Public Agency*) to accept a incentives up to \$_____.

BE IT FURTHER RESOLVED, that (*title of official*) is hereby authorized and empowered to execute in the name of (*Name of Public Agency*) all necessary documents to implement and carry out the purpose of this resolution, and to undertake all actions necessary to undertake and complete the project.

Passed, Approved and Adopted this _____ day of _____, 2001.

Governing Board Members:

| | |
|-------|-------|
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |